



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

For Immediate Release

Thursday, March 6, 2003

Grassley Works to Preserve Japanese Market for U.S. Beef

WASHINGTON – Sen. Chuck Grassley, chairman of the Committee on Finance, and Sen. Max Baucus, ranking member, today urged the Japanese government to preserve Japanese consumers' access to U.S. beef and abandon a measure that would limit U.S. beef exports to Japan. The text of the senators' letter to the Japanese government follows.

March 6, 2003

His Excellency Ryozo Kato
Embassy of Japan
2520 Massachusetts Avenue, N.W.
Washington, D.C. 20008

Dear Ambassador Kato:

We are writing to you regarding an issue of the highest importance to the beef industry in the United States. Japan is the largest export market for U.S. food and agricultural products. In 2001, the United States exported \$1.2 billion worth of beef to Japan alone. This long-standing trading relationship is possible because Japanese consumers demand the beef that the United States produces and supplies.

However, this historic trading relationship may soon be disrupted as an unforeseen consequence of the bovine spongiform encephalopathy (BSE) situation, which occurred in Japan in 2001. A Japanese safeguard measure on beef imports, which we understand would raise the tariffs on beef from 38.5 to 50 percent when the current year's quarterly imports exceed the prior year's volume by 17 percent, threatens to disrupt trade in beef. While the original intent was to protect Japanese beef producers from injury due to a sudden surge in imports, the current situation is a special and unforeseeable case in which the use of such a mechanism would be inappropriate.

Last year's growth in imports simply represents the recovery of the market following the 2001 BSE event in Japan. Japanese processors and retailers, as well as U.S. producers, worked hard and

invested significant resources to bring back the Japanese market for all beef producers. To impose this mechanism would harm U.S. beef producers as well as a wide range of Japanese consumers. The unnecessary increase in the price of beef to Japanese consumers as a result of this "snapback" provision would be of no net benefit to Japanese beef producers and would negate important progress in mutually beneficial trade between our nations.

It is in the best interests of the United States and Japan to mitigate these recent unforeseen circumstances and to maintain trade at historic levels. We appreciate your attention to this important trade issue.

Sincerely,

Chuck Grassley
Chairman

Max Baucus
Ranking Member